

Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 IOE-00 AGR-05 SSO-00 NSCE-00

USIE-00 INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

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SIL-01 OIC-02 L-02 H-02 PA-01 PRS-01 IGA-01 AF-06

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TO SECSTATE WASHDC IMMEDIATE 2696

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ROME FOR FODAG

E.O. 11652: N/A

TAGS: EGEN, EAGR, WFC, EAID

SUBJECT: ROUND-UP OF CONSULTATION ON PROPOSED IFAD, GENEVA, MAY 5-6

REF: (A) GENEVA 3213

(B) GENEVA 3233

SUMMARY: REPRESENTATIVES OF OVER 60 GOVERNMENTS MET IN GENEVA MAY 5-6 TO CONSIDER WHETHER THERE WAS A BASIS FOR AGREEMENT ON NEED TO ESTABLISH THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) PROPOSED AT WFC. ATMOSPHERE NON-CONFRONTATIONAL. DEBATE CENTERED ALMOST ENTIRELY ON AGENDA ITEM 3, AND AFTER ONLY TWO HOURS SECRETARIAT CONCLUDED THERE WAS REASONABLE PROSPECT OF ESTABLISHING IFAD, AND SUGGESTED FOR-
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MATION OF AD HOC WORKING GROUP TO CONSIDER TECHNICAL DETAILS.

U. S. AND OTHERS STIPULATED THAT COOPERATION WITH WORKING GROUP DID NOT REPEAT NOT IMPLY AGREEMENT TO PARTICIPATE IN FUND. MEETING CONCLUDED BY DRAFTING GUIDELINES FOR GROUP WHICH IS THEN TO REPORT TO ANOTHER CONSULTATION OF INTERESTED GOVERNMENTS IN FALL. END SUMMARY.

1. TWO DAY CONSULTATION ON PROPOSED IFAD WAS SURPRISING FOR ITS LACK OF CONGRUENT ATMOSPHERE GIVEN NATURE OF SUBJECT AND HISTORY OF WFC PROCEEDINGS ON RESOLUTION XIII. THERE WERE TWO MAIN REASONS FOR SEEMINGLY CONSTRUCTIVE NATURE OF DEBATE: FIRST, WORLD FOOD COUNCIL SECRETARIAT INTENTIONALLY AVOIDED ANY CONSIDERATION AGENDA ITEM 6 WHICH DEALT WITH PROPOSED CONTRIBUTIONS TO FUND; AND SECOND, BY PRE-ARRANGEMENT WITH SECRETARIAT, KEY OPEC COUNTRIES DECLINED TO PRESS ISSUE OF MATCHING CRITERION FOR ADDITIONAL RESOURCES BY DEVELOPED COUNTRIES IN PROCESS OF DECLARING GENERAL WILLINGNESS TO CONTRIBUTE TO FUND THEMSELVES (WITHOUT MENTIONING SPECIFIC FIGURES).

2. OVER 60 GOVERNMENTS WERE REPRESENTED, INCLUDING 10 OPEC MEMBERS. MOST DELEGATES APPEARED TO BE COUNTRY REPRESENTATIVES FROM EITHER GENEVA OR ROME. SEVERAL, SUCH AS U.S., UK, AND AUSTRALIA, CAME FROM CAPITALS. SAUDI ARABIA WAS REPRESENTED BY MINISTER OF AGRICULTURE.

3. DURING FIRST DAY'S INTERVENTIONS MOST DELS SUPPORTED NEED FOR ALLOCATION OF ADDITIONAL RESOURCES TO AGRICULTURAL DEVELOPMENT TAKING CUE FROM SYG WALDHEIM'S INTRODUCTORY COMMENTS ON NECESSITY FOR MAINTAINING MOMENTUM GENERATED AT WFC. PURPOSE OF CONSULTATION, ACCORDING TO SYG, WAS TO ACHIEVE A BASIC UNDERSTANDING OF BROAD APPROACH TO FUND. WALDHEIM HOPED THAT "MANY" COUNTRIES WOULD INDICATE A WILLINGNESS TO CONTRIBUTE TO THE IFAD TO FACILITATE THE NEXT STEP, I.E., ESTABLISHING A WORKING GROUP TO DEVELOP RECOMMENDATIONS ACCEPTABLE TO ALL PARTICIPATING GOVERNMENTS.

4. BY NOON OF FIRST DAY IT WAS APPARENT THAT WORLD FOOD COUNCIL SECRETARIAT HAD DELIBERATE PLAN TO MOVE EXPEDITIOUSLY FROM DISCUSSION OF BASIC QUESTION OF FEASIBILITY LIMITED OFFICIAL USE

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OF SETTING UP A NEW INSTITUTION FOR ASSISTANCE TO AGRICULTURAL DEVELOPMENT TO TASK OF DRAFTING TERMS OF REFERENCE FOR WORKING GROUP WHICH WOULD MEET ABOUT TWO TIMES DURING SUMMER AND REPORT BACK TO SIMILAR CONSULTATION OF INTERESTED GOVERNMENT IN FALL. IF THIS SOUNDS LIKE A STEAM ROLLER, IT WAS. AS REPORTED REF (A) HANNAH CONCLUDED DURING SUMMING UP OF FIRST TWO HOURS' DEBATE THAT THERE WAS "UNANIMOUS ENDORSEMENT" OF NEED FOR FUND, AND

THAT INTERVENTIONS HE HAD HEARD HAD CONVINCED HIM THERE WAS "A REASONABLE PROSPECT FOR THE ESTABLISHMENT OF FUND." NEEDLESS TO SAY, THIS CONCLUSION CAUGHT MOST DELEGATES BY SURPRISE IN THAT IT WAS BASED ON ONLY VERY GENERAL REMARKS OF ONLY APPROXIMATELY ONE-FIFTH OF COUNTRIES REPRESENTED. MOREOVER, AND THIS WAS EVEN MORE TROUBLESOME, HANNAH LUMPED U.S. TOGETHER WITH AUSTRALIA, NEW ZEALAND AND CANADA, AS HAVING INDICATED A "WILLINGNESS TO PARTICIPATE IN FUND", DESPITE ACTUAL U.S. STATEMENT AS REPORTED REF (B).

5. PRIOR TO CONVOCAION OF AFTERNOON SESSION, U.S. MET WITH OTHER GROUP B COUNTRIES UNDER CHAIRMANSHIP OF AUSTRALIA. VAST MAJORITY IN GROUP B HAD BEEN ENCOURAGED BY STATEMENTS OF SAUDI ARABIA AND VENEZUELA IN MORNING SESSION, I.E., THAT THEY WOULD BE WILLING TO PARTICIPATE IN CAPITAL FORMATION OF FUND WHICH WOULD HAVE AS ITS INITIAL TARGET A LENDING POWER EQUIVALENT TO \$1 BILLION SDRS. GIVEN FACT NO STRINGS SEEMED TO BE ATTACHED, MOST MEMBERS THOUGHT IT WOULD BE USEFUL TO AGREE TO ESTABLISHING A WORKING GROUP TO EXPLORE PRACTICAL DETAILS OF PROPOSED FUND'S OPERATIONS. BESIDES, NO ONE WANTED TO BE OUT IN FRONT IN OPPOSITION AND RUN RISK OF PUBLIC ACCUSATION OF RESPONSIBILITY FOR "TORPEDOING" THE CONSULTATION. ONLY OECD SECRETARIAT REPRESENTATIVE (SIMANTOW) QUESTIONED WHETHER AGREEMENT "IN PRINCIPLE" TO CREATION OF FUND WAS WISE, SINCE IN EFFECT WE WOULD SIMPLY BE POSTPONING TO A LATER DATE HARD ISSUE OF OBTAINING CONCRETE COMMITMENTS FROM POTENTIAL DONORS. MOST DELEGATES ACKNOWLEDGED THIS, BUT STIPULATED THAT EVENTUAL PARTICIPATION IN WORKING GROUP DID NOT IMPLY WILLINGNESS TO PARTICIPATE IN PROPOSED IFAD.

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6. IN ADDITION TO FORTHCOMING STATEMENTS BY UK, NETHERLANDS, AND DENMARK, THERE WERE THREE HIGHLIGHTS DURING MAY 5 AFTERNOON SESSION IN PLENARY. UNITED ARAB EMIRATES LED OFF BY ENDORSING \$1 BILLION TARGET AND ANNOUNCING THEY WERE READY TO CONTRIBUTE TO AND PARTICIPATE IN FUND (AGAIN WITHOUT SPECIFYING FIGURE). SECOND, USSR REPRESENTATIVE GAVE NONCOMMITTAL STATEMENT THAT HELD NO PROMISE OF SOCIALIST COUNTRY PARTICIPATION IN PROPOSED IFAD. THIRD, THE U.S. (BIRNBAUM) REITERATED SUBSTANCE OF REMARKS MADE IN MORNING SESSION (SPECIFICALLY EMPHASIZING THAT OPPOSING THE CONCEPT OF WILLINGNESS TO PARTICIPATE IN IFAD) IN ORDER TO COUNTER-BALANCE HANNAH'S EARLIER OBSERVATIONS.

7. FIRST DAY'S INTERVENTIONS WERE OF ADDITIONAL INTEREST

BECAUSE NO DELEGATION MENTIONED CONCEPT OF ATTRIBUTION OF
BILATERAL AID PROGRAMS ON INCREMENTAL BASIS OVER A BASE
YEAR (ALTHOUGH BELGIUM SAID A FLEXIBLE FORMULA SHOULD
BE FOUND, LEAVING FREEDOM FOR EACH COUNTRY TO DETERMINE
ITS PARTICIPATION AS IT SEES FIT) AND BECAUSE ALMOST
ALL DELS FAVORED PROPOSED IFAD CHANNELING NEW FUNDS
THROUGH EXISTING INSTITUTIONS (ELIMINATING NEED FOR
ANOTHER BUREAUCRACY).

NOTE BY OC/T: #AS RECEIVED.

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ACTION IO-10

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8. SINCE "CONSENSUS" HAD APPARENTLY BEEN REACHED ON
MAY 5 (DESPITE THE FACT THAT LESS THAN HALF OF DELE-
GATIONS PRESENT HAD HAD OPPORTUNITY TO SPEAK) THAT
THERE WAS AGREEMENT IN PRINCIPLE THAT A NEW FUND SHOULD
BE CREATED, SECOND DAY WAS DEVOTED ESSENTIALLY TO
ANALYZING DRAFT TERMS OF REFERENCE FOR THE AD HOC WORKING

GROUP. FOR LACK OF TIME, ONLY A FEW REPRESENTATIVES COMMENTED ON AGENDA ITEMS 4, 5, AND 7. THE REMAINDER WERE INVITED TO SUBMIT COMMENTS IN WRITING TO THE WORLD FOOD COUNCIL SECRETARIAT BY JUNE 1. CONCERNING THE MODE OF OPERATIONS OF THE FUND, SIERRA LEONE AND GHANA (APPARENTLY PURELY ON THEIR OWN BEHALF) PROPOSED A TWO-TIER ARRANGEMENT FOR DONORS WHICH CALLED FOR (A) A VOLUNTARY CONTRIBUTION BY ALL MEMBERS ON IDA TERMS, AND (B) FUNDS RAISED DIRECTLY FROM THE SALE OF SPECIAL BONDS. THIS SUGGESTION, TOGETHER WITH MANY OTHERS, WAS FORWARDED LIMITED OFFICIAL USE

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TO THE SECRETARIAT FOR PRESENTATION TO THE WORKING GROUP.

9. AGREEMENT ON TERMS OF REFERENCE FOR WORKING GROUP WAS ACHIEVED WITHOUT EXCESSIVE DIFFICULTY (SEE SEPTEL). SRI LANKA (AS CHAIRMAN OF GROUP OF 77) AND AUSTRALIA (AS CHAIRMAN OF GROUP B) REITERATED CAVEAT IN PLENARY THAT PARTICIPATION IN WORKING GROUP DOES NOT IMPLY COMMITMENT TO PARTICIPATE IN OR CONTRIBUTE TO IFAD.

10. SUMMING UP BY HANNAH ON MAY 6 WAS CONSIDERABLY MORE BALANCED AND FAIR THAN ON PREVIOUS DAY. IT WAS CLEAR THAT HE HAD BEEN CHASTENED BY COMMUNICATION FROM WASHINGTON AS WELL AS BY DIRECT CONTACT WITH USDEL. HIS FINAL STATEMENT NOTED THAT "SEVERAL DCS SUPPORTED FUND IN PRINCIPLE, BUT EMPHASIZED THE NEED TO FULFILL THE CONDITIONS CONTAINED IN PARA 6, RESOLUTION XIII OF WFC". HANNAH LATER APOLOGIZED IN PLENARY FOR ANY "FAILURES" IN HIS HANDLING OF MEETING. SOME GROUP B COUNTRIES INDICATED TO US PRIVATELY, HOWEVER, THAT PRECISION AND ATTENTIVENESS OF COUNCIL SECRETARIAT WOULD HAVE TO IMPROVE IN WORKING GROUP FOR IT TO ACHIEVE USEFUL OUTCOME.

11. DETAILS OF BIRNBAUM INFORMAL CONVERSATION MAY 5 WITH SAUDI DELEGATE WILL BE REPORTED SEPTEL.ABRAMS

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